

2007-2008 PERFORMANCE PLAN – Sr. Investment Officer, Fixed Income (C. Ishii)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	2 nd Quarter Status
45%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal—CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5	-1 bps {6.91 - 6.92}
25%	CalPERS Total Fund Performance	Net of Fees, excess return in basis points relative to total fund performance benchmark. Comp-PERS Total Fund All Portfolios- CalPERS Policy Index (Daily) {SJ1CA1 – CPERSTO2}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	-57 bps {2.53 - 3.10}
5%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (3%) High Quality LIBOR Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW3X – CPERLFFD} (1%) Short Duration Fund – CalPERS Blended Libor Fed Fund Index (Daily) (SW9D – CPERLFFD) (1%) CalPERS Internally Managed Short Term - State Street STIF net of fees {SJ10 – Y8K2} 	0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 + 5 basis points = 1.0 +10 basis points = 1.5	-25 bps {2.06 - 2.31} -82 bps {1.49 - 2.31} +3 bps {2.62 - 2.59}
5%	Internal Passive Currency Overlay Management	Net of Fees, return in basis points relative to: Passive currency overlay portfolio – PERS Pareto CCR {SW5PB – YET2}	> -50 basis points = 0 > -30 basis points = 1.0 > -20 basis points = 1.5	-3 bps {0.63 - 0.66}

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Quantitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	2 nd Quarter Status
5%	Active International Fixed Income Managers	Net of Fees, excess returns in basis points relative to: Aggregate of the International Fixed Income Managers - CalPERS World Govt X US: {SJDCA1 – CALWG XU2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5	-10 bps {11.57 - 11.67}
85%	Subtotal	Quantitative Measures		

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	2 nd Quarter Status
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> • Within Investment Group (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g., involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) • Diversity (e.g., promote meaningful diversity among our investment partners and staff) • Succession Plan (e.g., training and developing strong internal Leadership candidates to potentially fill my role in the future) 	<p>Score (0 – 10)</p> <p>0 = 0 5=1.0 10=1.5</p>	<p>On 12/18/07, FI staff to inform about INVO initiatives and FI plans.</p> <p>Numerous discussions explaining agenda items and issues regarding sub prime problems.</p> <p>Participated in 2 INVO leadership forums. Co-Lead in Dominant Logic Team for INVO.</p> <p>For global equity, taking over the management and liquidation of 3 external enhance equity managers.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	2 nd Quarter Status
	Leadership (cont.)			<p>In 9/07, Participant of the Lehman Quantitative Advisory Committee.</p> <p>Founding member of the Credit Roundtable which is a bond group which is trying to change covenant language for the industry.</p> <p>In 11/07, gave commentary on the sub prime problems to the general council to the Senate Banking Committee.</p> <p>Committed to using Diversity Database to include managers in the High Yield RFP.</p> <p>Created another SPM position to increase the internal potential SIO pool from within the unit to 3. Included SPMs in a number of meetings. Have yearly meetings to discuss areas of strengths and weaknesses.</p>
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		